

Lundor mines limited

Annual Report

For the year ended December 31, 1975

LUNDOR MINES LIMITED

OFFICERS

R. C. STANLEY, JR. President
P. A. ALLEN Vice-President
E. J. WADE Vice-President - Mining
I. T. H. HAMILTON Secretary

DIRECTORS

J. C. L. ALLEN	R. C. STANLEY, JR.
P. A. ALLEN	D. C. WEBSTER
I. T. H. HAMILTON	

TRANSFER AGENTS

CANADA PERMANENT TRUST COMPANY
Toronto, Ontario

AUDITORS

THORNE RIDDELL & CO.
Toronto, Ontario

HEAD OFFICE

Suite 1900, 101 Richmond Street West, Toronto, Ont.

LUNDOR MINES LIMITED

SUITE 1900, 101 RICHMOND STREET WEST
TORONTO, CANADA M5H 1T1, (416) 366-9901

To the Shareholders:

Your Directors submit herewith the Annual Report of the Company for the year ended December 31, 1975, including the Financial Statements and Auditors' report thereon.

Joseph
The Company is maintaining its Doran Lake property in good standing but has no present plans for development. The Doran Lake property consists of a 48½% interest in thirty-seven claims in the Doran Lake area of Northwest Ontario; exploration has discovered iron bearing mineralization with an indicated tonnage of 375,664,000 tons averaging 19.14% magnetic iron in two zones.

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The Company remains active in exploration through its 5% interest in Long Lac Mineral Exploration Limited and a report of this Company's increased activities during the year is included herewith.

We would like to thank Mr. D. M. Giachino, Vice-President, Mining, who retired on December 31, 1975 for his many years of dedicated service. We welcome Mr. E. J. Wade, B.A.Sc., M.B.A., P.Eng., who is now representing your Company in that capacity.

Respectfully submitted,

On behalf of the Board,

R. C. STANLEY, JR.,
President.

Toronto, Ontario,
March 8, 1976.

LUNDOR MINES LIMITED

(Incorporated under the laws of Ontario)

BALANCE SHEET AS AT DECEMBER 31, 1975

ASSETS

CURRENT ASSETS	1975	1974
Cash and short term deposits	\$ 21,407	\$ 6,832
Marketable securities, at cost less allowance for decline in quoted market value 1975, \$485,000; 1974, \$750,000 (quoted market value 1975, \$607,000; 1974, \$633,000)	604,147	712,791
Accrued interest	50	
Receivable from associated company		1,056
	<u>625,604</u>	<u>720,679</u>
INVESTMENTS IN OTHER COMPANIES (note 2)		
Associated companies		
Shares, at cost (quoted market value 1975, \$166,200; 1974, \$8,600)	173,282	12,498
Advances	32,491	28,717
Shares in other companies		
Listed, at cost (quoted market value 1975, \$84,900; 1974, \$123,000)	218,086	218,086
Other, at cost less amounts written off	15,003	15,003
	<u>438,862</u>	<u>274,304</u>
OTHER ASSETS		
Interest in patented mining claims, Doran Lake, Ontario	2,000	2,000
Deferred exploration expenditures, Doran Lake, Ontario, claims in which the company has an interest of 48½ %	8,672	8,672
	<u>10,672</u>	<u>10,672</u>
	<u>\$1,075,138</u>	<u>\$1,005,655</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 918
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SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized — 3,000,000 shares without par value

Issued — 950,001 shares	1,915,005	\$1,915,005
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DEFICIT	840,785	909,350
	<u>1,074,220</u>	<u>1,005,655</u>
	<u>\$1,075,138</u>	<u>\$1,005,655</u>

Approved by the Board

P. A. ALLEN, Director.

D. C. WEBSTER, Director.

LUNDOR MINES LIMITED

STATEMENT OF INCOME AND DEFICIT YEAR ENDED DECEMBER 31, 1975

	1975	1974
Revenue		
Dividends and interest	\$ 35,014	\$ 65,096
Administrative and corporate expenses		
Management, engineering, accounting and secretarial services	7,000	17,000
Shareholders' meetings and reports	1,344	1,054
Legal and audit	903	785
Share issue expenses	1,179	1,535
Interest expense	111	509
Capital tax	1,305	240
Sundry	977	652
	12,819	21,775
Outside exploration	60,289	19,665
	73,108	41,440
Income (loss) before undernoted items	(38,094)	23,656
Security written down to nominal value	54,927	
Loss on investments sold	103,414	10,558
Increase (reduction) in allowance for decline in market value of marketable securities	(265,000)	460,000
	(106,659)	470,558
NET INCOME (LOSS)	68,565	(446,902)
DEFICIT AT BEGINNING OF YEAR	909,350	462,448
DEFICIT AT END OF YEAR	\$ 840,785	\$ 909,350
EARNINGS (LOSS) PER COMMON SHARE	7¢	(47¢)

LUNDOR MINES LIMITED

STATEMENT OF CHANGES IN FINANCIAL POSITION YEAR ENDED DECEMBER 31, 1975

	1975	1974
WORKING CAPITAL DERIVED FROM		
Net income	\$ 68,565	
WORKING CAPITAL APPLIED TO		
Loss		\$ 446,902
Purchase of shares		
Associated companies	160,784	
Other companies		5,000
Increase in advance to associated company	3,774	28,717
	164,558	480,619
DECREASE IN WORKING CAPITAL	95,993	480,619
WORKING CAPITAL AT BEGINNING OF YEAR	720,679	1,201,298
WORKING CAPITAL AT END OF YEAR	\$ 624,686	\$ 720,679

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 1975

1. ACCOUNTING POLICIES

- Marketable Securities
Marketable securities are recorded at cost less an allowance for decline in market value which is adjusted annually at each year end.
- Investments in Other Companies
Investments in associated companies are recorded at cost.
Shares in other companies are those which the company considers to be long term in nature. They are recorded at cost reduced by any permanent impairment.
- Mining Claims
Mining claims or interests therein are recorded at cost. When the properties are considered to be permanently uneconomical they are written off.
- Deferred Exploration Expenditures
Expenditures relating to exploration programs in which the company is directly involved are deferred until production commences or the property is considered to be permanently uneconomical. When a property is considered to be permanently uneconomical the related expenditures are written off.
All other outside exploration is written off as incurred.

2. INVESTMENTS IN OTHER COMPANIES

The market values shown are based on closing market prices at December 31 in each year. Because of the number of shares involved the amounts that would be realized if these securities were to be sold may be more or less than their indicated market value.

3. COMPARATIVE FIGURES

Certain 1974 figures have been reclassified to conform with the financial statement presentation adopted for 1975.

4. OTHER STATUTORY INFORMATION

The remuneration of directors and senior officers as defined by The Business Corporations Act of Ontario was nil in 1975 and 1974.

AUDITORS' REPORT

To the Shareholders of
Lundor Mines Limited

We have examined the balance sheet of Lundor Mines Limited as at December 31, 1975 and the statements of income and deficit and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1975 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
February 2, 1976

THORNE RIDDELL & CO.
Chartered Accountants

LONG LAC MINERAL EXPLORATION LIMITED

1975 REPORT

This year your Company engaged in the most aggressive search for new mines in its seven-year history. Substantial programmes were conducted in the Northwest Territories, Ontario, northwestern Quebec, western United States and Spain. Expenditures for the year totalled \$1.1 million, half of which was directed towards a major surface and underground exploration programme in northwestern Quebec.

Follow-up work resulting from the 1975 programme will include diamond drilling of numerous anomalies with indicated mineral potential on at least four projects.

The second phase of the Robb-John project including geological mapping, trenching and both airborne and ground geophysics was completed. This project covers an area of some 200,000 acres approximately 250 miles north of Yellowknife in the Northwest Territories. Texasgulf's discovery of a major deposit in the general area has heightened activity and as a result your Company has been approached by a few major companies to consider joint-venturing these holdings. Plans for the coming season are currently under review.

Your Company participated equally with Little Long Lac Gold Mines in the exploration and reassessment of the Koval property located on Little Long Lac claims in northwestern Ontario. Previous work had outlined several gold lenses in a very limited area of the property. Geophysical, geological and diamond drilling programmes were conducted to explore for new deposits and reassess the known occurrences. No significant discoveries were made with the methods employed, however, due to the extensive overburden cover (90%) and the uniqueness of the occurrence, research will be conducted as to the possibility of employing other geotechnical means to explore in this area.

A major surface and underground exploration programme was conducted on the Thompson-Bousquet project. This property is located approximately three miles northwest of the town of Cadillac in northwestern Quebec. A drill indicated 6.3 million tons of gold mineralization grading 0.066 ounces/ton has been outlined down to 500'. The deposit is suitable to open-pit mining.

A 15,000 ton bulk sample was removed from this property for both metallurgical studies and diamond drill hole assay comparison. Both studies proved favourable. In addition to the main zone two other areas have returned interesting drill hole values and these areas along with untested geophysical anomalies will undergo further examination in 1976.

As a result of studies conducted in the Bousquet Township area, three properties, Bijou, Brawley and Hinse were acquired; these properties are contiguous with the Thompson-Bousquet property. Geophysical and geological work was performed in the latter part of the year resulting in several anomalies that will require diamond drilling during 1976. Mr. Roger Doucet, Hons. B.Sc., Geol., joined the Company a year ago and is managing the Quebec-based exploration.

In the United States most of our activities were confined to Nevada in the search for gold and/or silver deposits. This work is under the direction of Mr. John Hogan, B.Sc., P.Eng., formerly a partner with Manning and Associates. Mr. Hogan joined our firm during the year and manages our Vancouver Office.


A drill programme was conducted on the Conchita property in southwestern Spain in search for base metals. This preliminary investigation was designed to sample geological, geophysical and geochemical anomalies. Of the four widely spaced drill holes completed, one intersected significant copper-gold-silver-magnetite mineralization. Further drilling will be necessary to evaluate the importance of this intersection. By spending a total of \$305,000 your Company may earn an 80% interest in this property.

A 25% working interest was acquired in Section 10 in the Sylvan Lake area, Alberta. This section has proven gas reserves in the order of 2.59 Bcf with potential reserves of 10-20 Bcf. Payout of acquisition and drilling costs are estimated to be two years with a ratio of profit to cost of 6:1. In addition our Company remains active in oil and gas exploration through Taurus Oil Limited, a Calgary-based company under the direction of Mr. John Downing.

March 11, 1976.

D. G. SHEEHAN,
Exploration Manager.

59%



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